GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

UNSTARRED QUESTION NO:6816
ANSWERED ON:10.05.2000
INVESTMENT IN SSI AND TINY SECTOR
A. VENKATESH NAIK;DR. KIRIT SOMAIYA

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether net bank credit to the Small Scale Industries and Tiny sector has been declined almost 14 per cent during the year ending March, 1999;

(b) if so, the reasons therefor;

(c) the steps being taken by the Government to increase the investment in this sector and to improve the conditions of tiny industries;

(d) whether the SSI has urged the Government to simplify loan procedure;

(e) if so, the details thereof;

(f) the steps taken by the Government thereon; and (g) the contribution of SSI sector to the Indian economy during 1999-2000?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGF RURAL INDUSTRIES

(SMT. VASUNDHARA RAJE)

(a) & (b): No, Sir. There has been a steady increase in the flow of credit to the small scale sector and tiny sector which has risen from Rs. 16,783 crores in March, 1991 to Rs. 42,674 crores in March, 1999 accounting to 17.3% of the net bank credit.

(c): Government of India has taken various steps to enhance the flow of credit to small scale sector and tiny units which inter alia, includes earmarking 60% of SSI credit under priority sector lending for tiny sector, dispensing with collaterals for loans upto Rs. 5 lakhs, formulation of Credit Guarantee Scheme, enhancement of Composite Loan limit to Rs. 10 lakhs, enhancement of limit of project cost upto Rs. 25 lakhs under National Equity Fund Scheme, opening of specialised SSI bank branches and simplified procedure for sanction of working capital loan for small scale units with an annual turnover upto Rs. 5 crores. Further, in order to improve the condition of tiny industries 40% of plots have been earmarked for the tiny units under the Integrated Infrastructure Development Scheme.

(d), (e) & (f): SSI Associations have been urging the Government to simplify the loan procedures for SSI unitsAccordingly, as per the RBI guidelines, banks have introduced a standardised and simplified loan application form and provided for disposal of applications within specified time.

(g): As per the latest available estimates, the SSI sector contributed 39.07% of total industrial production, 34.9% exports, 6.71% of GDP and provided employment to 171.58 lakh persons in 1998-99.